SAMHSA Report Examines a Decade of Spending on Mental Health and Substance Abuse Treatment

U.S. expenditures for the treatment of mental and substance use disorders totaled $104 billion in 2001, up from $60 billion in 1991. Spending grew at an average rate of 5.6 percent a year, compared with an annual rate of 6.5 percent for all health care spending during this period. Of the $1,372 billion spent on all health services in 2001, mental health and substance abuse treatment accounted for 7.6 percent, compared with 8.2 percent in 1991.

These figures are from an analysis of the most current available spending data that was conducted by the Substance Abuse and Mental Health Services Administration (SAMHSA). *National Expenditures for Mental Health Services and Substance Abuse Treatment, 1991–2001* updates previous reports in this series, the most recent of which examined spending for 1987 through 1997. The latest report singles out three of the most salient trends in spending—the shift to publicly financed care, the decline in inpatient treatment, and the growth in spending on prescription medications.

The estimates in the report include only expenditures for the direct treatment of mental and substance use disorders. They do not take into account other substantial costs for comorbid conditions that can result from mental and substance use problems, such as trauma and cirrhosis of the liver, and other direct costs of care, such as job training and subsidized housing. Indirect costs, such as lost wages and productivity, are excluded.

In 2001 about a third (35 percent) of mental health and substance abuse treatment was paid for by private payers, compared with 42 percent in 1991. In 2001 private insurance covered 20 percent, out-of-pocket payments accounted for 12 percent, and other private payments, such as charity care, accounted for 3 percent. Public payers covered 65 percent of all mental health and substance abuse treatment in 2001, compared with 58 percent in 1991. In 2001 Medicaid paid for 26 percent (see Datapoints, page 648), other state and local governments for 26 percent, Medicare for 7 percent, and other federal government payers, such as block grants and the Department of Veterans Affairs, for 6 percent.

In 2001 the largest proportion of mental health and substance abuse expenditures—28 percent—went to hospital-based services, which includes inpatient, outpatient, and residential care provided by hospitals; general nonspecialty hospitals received 17 percent of the funds and specialty psychiatric and substance abuse hospitals 11 percent. Multiservice mental health organizations, such as mental health clinics, received about 16 percent of all expenditures on mental health and substance abuse treatment. Specialty substance abuse centers received 7 percent.

Retail prescription drugs accounted for 17 percent of total mental health and substance abuse expenditures in 2001. Physicians received 12 percent of the funds, and other professionals billing independently, such as psychologists, counselors, and social workers, received 8 percent. Freestanding nursing homes received 6 percent of the expended funds, and home health care 1 percent.

For mental health services alone, spending totaled $85 billion in 2001, representing 6.2 percent of all health care spending. Public funds became a more important source of financing for mental health treatment over the decade. Public payers accounted for 63 percent of total mental health spending in 2001, compared with 57 percent in 1991. For all health care spending in 2001, public payers accounted for 45 percent.

Inpatient expenditures as a percentage of total mental health expenditures declined during the ten-year period, particularly within specialty hospitals. In 2001, inpatient care accounted for 22 percent of mental health expenditures, compared with 38 percent in 1991. One of the fastest growing components of mental health spending was prescription drugs, which grew by 17 percent annually between 1991 and 2001. Prescription medications represented $1 of each $14 spent on mental health in 1991. This figure jumped to $1 of every $5 in 2001, about $17 billion. The largest category of prescription medications —antidepressants—accounted for more than 50 percent of overall mental health and substance abuse spending for medications. Antipsychotics accounted for 22 percent and antianxiety drugs for 13 percent. The report attributes the growth in spending to a combination of increased use and higher drug prices.

For substance abuse treatment alone, spending totaled $18 billion, representing 1.3 percent of all health care spending. Public payers accounted for 76 percent of substance abuse treatment expenditures in 2001, compared with 62 percent in 1991. State and local governments—including Medicaid and other state, local, and block grant spending—managed more than 57 percent of funds for substance abuse treatment in 2001.

Private insurance payments for substance abuse treatment fell by an average rate of 1.1 percent annually, which ran counter to the annual growth rate of 6.9 percent in private insurance payments for all health care. Specialty substance abuse treatment centers accounted for 51 percent of the increase in substance abuse expenditures. These centers are the largest single provider of substance abuse services. Medications accounted for less than 1 percent of substance abuse spending—about $100 million.

In 2001 physicians and other professionals received 13 percent of substance abuse dollars, compared with 21 percent of mental health dollars. The difference was most significant for psychiatrists, who received 10 percent of mental health dollars and 2 percent of substance abuse dollars.

National Expenditures for Mental Health Services and Substance Abuse Treatment, 1991–2001 is available on the SAMHSA Web site at www.samhsa.gov

Kaiser Commission Analyzes Trends in Medicaid Waivers

Section 1115 waivers that give states federal approval to test a variety of changes affecting program coverage and costs have been used in good and bad economic times throughout the 40-year history of the Medicaid program. However, a combination of new, more flexible waiver guidelines issued in 2001 and severe fiscal pressures has led to a recent round of increased waiver activity. Waivers have been approved for 17 states since January 2001, and even though the new guidelines were designed to expand coverage, most waiver activity has focused on reducing coverage to address state budget problems. The net gain in coverage amounted to 200,000 people as of fall 2003, and expansion of coverage to new groups has been achieved largely by limiting coverage for low-income beneficiaries already in the program.

These and other findings are summarized in a new report by the Kaiser Commission on Medicaid and the Uninsured. The report notes that waivers must be "budget neutral" for the federal government. Many states intend to use waivers to achieve cost savings for existing groups and to redirect these savings to cover new groups. However, states' implementation of benefit reductions is not contingent upon implementation of expansions, and some states have only partially implemented expansions. Other waivers have focused solely on reducing spending, the report notes, but they have not been enough to prevent some states from having to pursue additional program cuts.

One result of new waiver activity has been to increase the complexity of the Medicaid program in some states, which has dampened participation by providers and caused confusion among beneficiaries about their coverage, leading to reduced care seeking.

The 22-page report, which details key features of recent waivers—in eligibility, enrollment caps, adequacy of coverage, premium assistance, tiered coverage, and beneficiary protections—is available on the Kaiser Web site at www.kff.org/kcmu.

NEWS BRIEFS

APA launches public information resource: The American Psychiatric Association (APA) has launched HealthyMinds.org, a consumer-oriented Web site to educate the public about mental health treatment and resources. The site provides the latest information on many common mental health concerns, including warning signs of mental disorders, treatment options, and preventive measures. Visitors to the site can order brochures from APA's "Let's Talk Facts" series, which describe such disorders as depression, posttraumatic stress disorder, common childhood disorders, and eating disorders. The brochures are free for the general public and can be purchased in bulk by health care providers, health care and academic institutions, and businesses. The searchable site also features links to other mental health resources and referral procedures for finding a psychiatrist.

Kaiser's health policy Web site: The Kaiser Family Foundation has redesigned its educational Web site for health policy students, faculty, and others interested in current health policy issues. New features and tools provide easier access to the latest data, literature, news, and developments. The site features topic navigation from the home page, with topics such as minority health, prescription drugs, quality of care, and Medicare. A research tools section offers two tutorials—on how to design effective public opinion surveys and how to improve graphic presentation of data—and links to more than 50 online data sources and data sets. The journal browser feature links to the most recent table of contents of leading health policy journals. An extensive table provides information about fellowships and internships in health policy that are available to students, researchers, journalists, and other professionals. More information is available at www.kaiseredu.org.

AHRQ report on undetected depression during pregnancy: A 225-page report by the Agency for Healthcare Research and Quality (AHRQ) summarizes research evidence showing that depression is as common among women during pregnancy as it is after giving birth. Health care providers may fail to recognize depression because symptoms such as tiredness, difficulty sleeping, emotional changes, and weight gain may also occur with pregnancy. According to the report, roughly one in 20 U.S. women who are pregnant or have given birth in the past 12 months experience major depression. The report describes factors contributing to depression during or after pregnancy and summarizes evidence from several studies indicating that psychotherapy, antidepressants, or both are effective treatments. Evidence also suggests that screening instruments can identify perinatal depression but are more accurate at identifying major depression. Because of the small number of studies, the report's authors were unable to determine whether routine screening ultimately improves patient outcomes. *Perinatal Depression: Prevalence, Screening Accuracy, and Screening Outcomes* is available on the AHRQ Web site at www.ahrq.gov (click on Women's Health). Print copies may be requested by calling 800-358-9295 or sending an e-mail to ahrqpubs@ahrq.gov.